



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

For Immediate Release

Tuesday, April 3, 2001

## Grassley Works to Improve Health Options for Older Americans

WASHINGTON – Medicare’s managed care option requires significant reforms to provide desired access to more older Americans, Sen. Chuck Grassley, chairman of the Committee on Finance, said today.

“Congress introduced managed care to Medicare to give older Americans more health care options,” Grassley said. “It was meant to give people a choice, and those who have choices are happy. But too many older Americans still have no options. We have to put the choice back in Medicare Plus Choice.”

Grassley’s comments came after a hearing exploring ways to improve Medicare’s managed care option, called Medicare+Choice. Grassley said Medicare has a long-standing history of offering older Americans alternative options to traditional Medicare. In fact, Medicare began offering managed care as early as the 1970s.

In 1997, Congress created the Medicare+Choice program, designed to expand health plans to markets where existing access was limited or non-existent and to offer new types of plans, in addition to controlling costs.

Managed care has proved to be a very popular alternative to traditional fee-for-service Medicare for many patients, Grassley said. Medicare beneficiaries often enroll in managed care options because these plans frequently offer benefits traditional Medicare does not, such as enhanced preventive services, prescription drugs, eye glasses and hearing aids. Unlike fee-for-service Medicare, managed care plans also provide an integrated benefit package and coordinate care so that services can be administered more efficiently, ideally to contain costs and improve the quality of care for the patient.

From the start, achieving the goals of the Medicare+Choice program has not been easy, Grassley said. The program’s aim to control spending, combined with increased regulatory burdens and program mismanagement, have turned many managed care plans away from entering new markets or maintaining existing ones.

As a result, the majority of managed care plans participating in Medicare are concentrated in a handful of densely populated states. Less densely populated states, such as Iowa, have very little managed care participation in Medicare. Only one Medicare+Choice plan exists in Iowa’s 99 counties. It serves 2,099 patients in Pottawattamie County and boosts its number of participants by serving patients across the river in Omaha.

In states with more Medicare managed care, older Americans face hardships when their plans pull out of the program, Grassley said. The beneficiaries must choose a new plan and might give up enhanced benefits or pay higher premiums in another plan.

Grassley said Congress has listened to plans and patients and stepped in to improve the Medicare+Choice program twice since 1997, but problems remain. He said he is hopeful that unearthing the problems and finding solutions to them is possible.

“I’m not ready to give up on Medicare+Choice,” Grassley said. “The idea of giving older Americans a health care choice is still a good idea. I hope we’ll agree that it’s time to re-build this program. That means not by applying one-time fixes or financial givebacks, but by changing plan design, payment structures and regulatory requirements. Doing so will preserve this program for future generations and ensure that older Americans have the same kind of health care options that millions of others already enjoy today.”